

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AN ACT
RELATING TO PUBLIC FINANCE; ALLOWING COUNTY AND MUNICIPAL
TREASURERS TO INVEST IN SECURITIES OF AGENCIES SPONSORED BY
THE UNITED STATE GOVERNMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-10-10 NMSA 1978 (being Laws 1933,
Chapter 175, Section 4, as amended) is amended to read:

"6-10-10. DEPOSIT AND INVESTMENT OF FUNDS. --

A. Upon the certification or designation of a
bank, savings and loan association or credit union whose
deposits are insured by an agency of the United States to
receive public money on deposit, the state treasurer and
county or municipal treasurers who have on hand any public
money by virtue of their offices shall make deposit of that
money in banks and savings and loan associations, and may
make deposit of that money in credit unions whose deposits
are insured by an agency of the United States, designated by
the authority authorized by law to so designate to receive
the deposits of all money thereafter received or collected by
the treasurers.

B. County or municipal treasurers may deposit
money in one or more accounts with any such bank, savings and
loan association or credit union located in their respective
counties, subject to limitation on credit union accounts.

1 C. The state treasurer may deposit money in one or
2 more accounts with any such bank, savings and loan
3 association or credit union, subject to the limitation on
4 credit union accounts.

5 D. Duplicate receipts or deposit slips shall be
6 taken for each deposit made pursuant to Subsection A, B or C
7 of this section. When deposits are made by the state
8 treasurer, one copy of the receipt or deposit slip shall be
9 retained by the state treasurer and the other copy shall be
10 filed monthly on the first day of each month with the
11 financial control division of the department of finance and
12 administration. When deposits are made by the treasurer or
13 any other authorized person making the deposits for a board
14 of finance of a public or educational institution, one copy
15 of the receipt or deposit slip shall be retained by the
16 treasurer or authorized person so making the deposit and the
17 other copy shall be filed monthly on the first day of each
18 month with that board of finance. When deposits are made by
19 a county or municipal treasurer, one of the duplicate
20 receipts or deposit slips shall be retained by the treasurer
21 so making the deposit and the other copy shall be filed
22 monthly on the first day of each month with the secretary of
23 the board of finance of the county or municipality for which
24 that treasurer is acting.

25 E. "Deposit", as used in this section, means

1 either investment or deposit and includes share, share
2 certificate and share draft.

3 F. County or municipal treasurers, by and with the
4 advice and consent of their respective boards of finance
5 charged with the supervision and control of the respective
6 funds, have the power to invest all sinking funds or money
7 remaining unexpended from the proceeds of any issue of bonds
8 or other negotiable securities of any county, municipality or
9 school district that is entrusted to their care and custody
10 and all money not immediately necessary for the public uses
11 of the counties, municipalities or school districts not
12 invested or deposited in banks, savings and loan associations
13 or credit unions in:

14 (1) bonds or negotiable securities of the
15 United States, the state or any county, municipality or
16 school district that has a taxable valuation of real property
17 for the last preceding year of at least one million dollars
18 (\$1,000,000) and has not defaulted in the payment of any
19 interest or sinking fund obligation or failed to meet any
20 bonds at maturity at any time within five years last
21 preceding; or

22 (2) securities that are issued by the
23 United States government or by its agencies or
24 instrumentalities and that are either direct obligations of
25 the United States, the federal home loan mortgage

1 association, the federal national mortgage association, the
2 federal farm credit bank or the student loan marketing
3 association or are backed by the full faith and credit of the
4 United States government.

5 G. The treasurer of a class A county or the
6 treasurer of a municipality having a population of more than
7 sixty-five thousand according to the most recent federal
8 decennial census and located within a class A county, by and
9 with the advice and consent of the boards of finance charged
10 with the supervision and control of the funds, has the power
11 to invest all sinking funds or money remaining unexpended
12 from the proceeds of any issue of bonds or other negotiable
13 securities of the county or municipality that is entrusted to
14 his care and custody and all money not immediately necessary
15 for the public uses of the county or municipality not
16 invested or deposited in banks, savings and loan associations
17 or credit unions in:

18 (1) shares of a diversified investment
19 company registered pursuant to the federal Investment Company
20 Act of 1940 that invests in fixed-income securities or debt
21 instruments that are listed in a nationally recognized,
22 broad-market, fixed-income-securities market index; provided
23 that the investment company or manager has total assets under
24 management of at least one hundred million dollars
25 (\$100,000,000) and provided that the board of finance of the

1 county or municipality may allow reasonable administrative
2 and investment expenses to be paid directly from the income
3 or assets of these investments;

4 (2) individual, common or collective trust
5 funds of banks or trust companies that invest in fixed-income
6 securities or debt instruments that are listed in a
7 nationally recognized, broad-market, fixed-income-securities
8 market index; provided that the investment company or manager
9 has total assets under management of at least one hundred
10 million dollars (\$100,000,000) and provided that the board of
11 finance of the county or municipality may allow reasonable
12 administrative and investment expenses to be paid directly
13 from the income or assets of these investments; or

14 (3) shares of pooled investment funds
15 managed by the state investment officer, as provided in
16 Subsection G of Section 6-8-7 NMSA 1978; provided that the
17 board of finance of the county or municipality may allow
18 reasonable administrative and investment expenses to be paid
19 directly from the income or assets of these investments.

20 H. A local public body, with the advice and
21 consent of the body charged with the supervision and control
22 of the local public body's respective funds, has the power to
23 invest all sinking funds or money remaining unexpended from
24 the proceeds of any issue of bonds or other negotiable
25 securities of the investor that is entrusted to the local

1 public body's care and custody and all money not immediately
2 necessary for the public uses of the investor and not
3 otherwise invested or deposited in banks, savings and loan
4 associations or credit unions in contracts with banks,
5 savings and loan associations or credit unions for the
6 present purchase and resale at a specified time in the future
7 of specific securities at specified prices at a price
8 differential representing the interest income to be earned by
9 the investor. The contract shall be fully secured by
10 obligations of the United States or other securities backed
11 by the United States having a market value of at least one
12 hundred two percent of the contract. The collateral required
13 for investment in the contracts provided for in this
14 subsection shall be shown on the books of the financial
15 institution as being the property of the investor and the
16 designation shall be contemporaneous with the investment. As
17 used in this subsection, "local public body" includes all
18 political subdivisions of the state and agencies,
19 instrumentalities and institutions thereof; provided that
20 home rule municipalities that, prior to July 1, 1994, had
21 enacted ordinances authorizing the investment of repurchase
22 agreements may continue investment in repurchase agreements
23 pursuant to those ordinances.

24 I. The state treasurer, with the advice and
25 consent of the state board of finance, has the power to

1 invest money held in demand deposits and not immediately
2 needed for the operation of state government and money held
3 in the short-term investment fund, except as provided in
4 Section 6-10-10.1 NMSA 1978. The investments shall be made
5 only in securities that are issued by the United States
6 government or by its departments or agencies and are either
7 direct obligations of the United States or are backed by the
8 full faith and credit of the United States government or
9 agencies sponsored by the United States government.

10 J. The state treasurer, with the advice and
11 consent of the state board of finance, may also invest in
12 contracts for the present purchase and resale at a specified
13 time in the future, not to exceed one year or, in the case of
14 bond proceeds, not to exceed three years, of specific
15 securities at specified prices at a price differential
16 representing the interest income to be earned by the state.
17 Such contract shall not be invested in unless the contract is
18 fully secured by obligations of the United States or other
19 securities backed by the United States having a market value
20 of at least one hundred two percent of the amount of the
21 contract.

22 K. The state treasurer, with the advice and
23 consent of the state board of finance, may also invest in
24 contracts for the temporary exchange of state-owned
25 securities for the use of broker-dealers, banks or other

1 recognized institutional investors in securities, for periods
2 not to exceed one year for a specified fee rate. Such
3 contract shall not be invested in unless the contract is
4 fully secured by exchange of an irrevocable letter of credit
5 running to the state, cash or equivalent collateral of at
6 least one hundred two percent of the market value of the
7 securities plus accrued interest temporarily exchanged.

8 L. The collateral required for either of the forms
9 of investment in Subsection J or K of this section shall be
10 delivered to the state fiscal agent or its designee
11 contemporaneously with the transfer of funds or delivery of
12 the securities at the earliest time industry practice
13 permits, but in all cases, settlement shall be on a same-day
14 basis.

15 M Neither of the contracts in Subsection J or K
16 of this section shall be invested in unless the contracting
17 bank, brokerage firm or recognized institutional investor has
18 a net worth in excess of five hundred million dollars
19 (\$500,000,000).

20 N. The state treasurer, with the advice and
21 consent of the state board of finance, may also invest in any
22 of the following investments in an amount not to exceed forty
23 percent of any fund that the state treasurer invests:

24 (1) commercial paper rated "prime" quality
25 by a national rating service, issued by corporations

1 organized and operating within the United States;

2 (2) medium-term notes and corporate notes
3 with a maturity not exceeding five years that are rated A or
4 its equivalent or better by a nationally recognized rating
5 service and that are issued by a corporation organized and
6 operating in the United States; or

7 (3) any asset-backed obligation with a
8 maturity not exceeding five years that is rated AAA or its
9 equivalent by a nationally recognized rating service.

10 0. The state treasurer, with the advice and
11 consent of the state board of finance, may also invest in:

12 (1) shares of a diversified investment
13 company registered pursuant to the federal Investment Company
14 Act of 1940 that invests in United States fixed income
15 securities or debt instruments authorized pursuant to
16 Subsections I, J and N of this section, provided that the
17 investment company has total assets under management of at
18 least one billion dollars (\$1,000,000,000) and the
19 investments made by the state treasurer pursuant to this
20 paragraph are less than five percent of the assets of the
21 investment company; or

22 (2) individual, common or collective trust
23 funds of banks or trust companies that invest in United
24 States fixed income securities or debt instruments authorized
25 pursuant to Subsections I, J and N of this section, provided

1 that the investment manager has assets under management of at
2 least one billion dollars (\$1,000,000,000) and the
3 investments made by the state treasurer pursuant to this
4 paragraph are less than five percent of the assets of the
5 individual, common or collective trust fund.

6 P. Public funds to be invested in negotiable
7 securities or loans to financial institutions fully secured
8 by negotiable securities at current market value shall not be
9 paid out unless there is a contemporaneous transfer of the
10 securities at the earliest time industry practice permits,
11 but in all cases, settlement shall be on a same-day basis
12 either by physical delivery or, in the case of uncertificated
13 securities, by appropriate book entry on the books of the
14 issuer, to the purchaser or to a reputable third-party
15 safekeeping financial institution acting as agent or trustee
16 for the purchaser, which agent or trustee shall furnish
17 timely confirmation to the purchaser. "